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## **COX ANNOUNCES BLOCKBUSTER SETTLEMENT OVER “NO LATE FEE” ADVERTISING**

**LANSING --** Attorney General Mike Cox today announced that he and the Attorneys General of 46 other states plus the District of Columbia have reached agreement with Blockbuster Inc., to settle allegations that it misled consumers in the advertising of its “No Late Fee” program. In addition to changing its advertising practices and offering customers refunds, Blockbuster will pay the states a total of \$630,000 for attorney’s fees, costs of investigation and consumer protection.

“It’s important for businesses to be truthful in their advertising to Michigan consumers,” Cox said. “Customers should not have to search for the real price hidden behind catchy slogans and disclaimers.”

The Attorneys General alleged that the advertising campaign was misleading in three respects. First, it failed to clearly and conspicuously disclose that consumers who return a rented video or game more than seven days after its due date are charged the selling price of the item. Second, if the consumer chose to return the item, a “restocking” fee would be charged. Third, there was insufficient disclosure that the program was offered only at participating stores, resulting in customers at nonparticipating franchise stores thinking they would not be charged late fees.

Blockbuster began advertising the “The End of Late Fees” and “No Late Fees” on December 15, 2004, and the program started January 1, 2005. The program is available at all company-owned stores and those franchise stores that chose to participate. There are 167 company-owned stores and 22 franchise stores in Michigan.

(More)

Under the terms of the settlement, Blockbuster has agreed that in future advertising for the “No Late Fee” program it will:

- Not represent directly or by implication that there are no late fees or only limited late fees unless such representation is accompanied by a clear and conspicuous disclosure of the existence of any charge ;
- Advise of any limitation on the stores participating in the offer;
- Clearly and conspicuously display its rental return policy and applicable charges if product is not returned.

For the next six months, Blockbuster will also:

- Post conspicuous notices throughout each store to inform customers of the terms and conditions of the “No Late Fee” program;
- Provide brochures containing the terms and conditions of the offer in every store, which are prominently available for customers to read at the store or take home;
- Remove the current external window signage and the current internal signage advertising the “No Late Fee” program and request and recommend that participating franchise stores do the same;
- Require any franchise store that is not participating in the “No Late Fee” program to remove any contrary advertising;
- Have a hyperlink on its Web site, [www.blockbuster.com](http://www.blockbuster.com), which explains the terms and conditions of the offer.

Blockbuster also agreed to provide customers who participated in the program a one-time full refund or credit equal to the selling price of any rental items converted to a sale, so long as the items are returned in good condition. If the customer already returned the item but paid a “restocking” fee, the customer can obtain a refund of the “restocking” fee. Restitution requests must be made by April 28, 2005 or if after that, within seven days of first discovering the additional charge. The restitution period ends September 29, 2005.

For a complete list of settlement terms and instructions on obtaining a refund, consumers can visit [www.blockbuster.com](http://www.blockbuster.com). Consumers can also contact the Attorney General's Consumer Protection Division for a restitution form or to file a complaint online at [www.michigan.gov](http://www.michigan.gov) or in writing sent to P.O. Box 30213, Lansing, MI 48909.